

APPROVED MINUTES

Housing and Redevelopment Authority in and for the City of Bloomington

1800 West Old Shakopee Road
Bloomington, Minnesota 55431

Tuesday, June 28, 2016
5:30 PM
Council Chambers

- 1 Call to Order** Chairman Thorson called the meeting to order at 5:31 p.m.

Present: Commissioners: Thorson, Carlson, Lewis
Staff: Grout, Hartman, Zimmerman, Neary, Sevig
Guests: Corey & Kathryn Malczewski; Country Joe
Homes representative; Jerry Tollefson, Tollberg Homes

Absent: Commissioner Fossum
- 2 Approval of Agenda** M/Lewis, S/Carlson to approve the agenda. Motion carried, 3-0.
- 3 Approval of Minutes**
- 3.1 Approval of Minutes - May 24, 2016** M/Carlson, S/Lewis to approve the minutes of the May 24, 2016 HRA Board meeting. Motion carried, 3-0.
- 4 Unfinished or Organizational Business**
- 5 New Business**
- 5.1 Presentation of 2015 Financial Statements** Grout introduced David Mol from Redpath and Company, the HRA and City auditor, and Amy Sevig, HRA accountant.

Mol stated that the 2015 audit consists of several reports, the first of which is the Opinion on the Fair Presentation of the Financial Statements. He explained that because the HRA is a component unit of the City of Bloomington, the HRA's financial statements are included in the City's. A clean opinion was issued on the 2015 financial statements. No items were noted on the Report on Internal Controls. The Minnesota Legal Compliance Report tests transactions on a sample basis and there were no items of noncompliance. The Report on Federal Program Compliance is grouped with the City and Port Authority. Two federal programs were audited, including the HRA's Section 8 program, and there were no findings of noncompliance. Communication to Those Charged with Governance

showed no difficulties encountered in performing the audit and no disagreements with management.

Mol referred to the HRA's Financial Results which showed \$8.8 million in revenues, \$7.4 million in expenditures and an ending fund balance of \$7.7 million. The most significant expenditure was Section 8 payments of \$4.3 million.

In closing, Mol stated there was a clean opinion on the financial statements with no items noted in state or federal compliance.

M/Lewis, S/Carlson to accept the 2015 HRA Auditor's Report. Motion carried, 3-0.

5.2 Approval of Resolution Establishing Use Value for 10040 Pleasant Avenue South

Hartman stated that per state statute, a value must be established on a property prior to sale. The value for the lot at 10040 Pleasant has been set at the sales price of \$104,000. The original list price was \$109,000 and staff is recommending acceptance of the offer.

M/Lewis, S/Carlson to approve the resolution establishing the use value for 10040 Pleasant Avenue South at \$104,000. Motion carried, 3-0.

5.3 Public Hearing - Approval of Contract for Private Development and Sale of 10040 Pleasant Avenue South

Hartman stated this item is the Public Hearing and Approval of the Contract for Private Development for the sale of the lot at 10040 Pleasant Avenue South to Corey and Kathryn Malczewski. Staff is recommending approval of the sale of this property at \$104,000. He referred to the agenda which details the 1994 purchase and subsequent costs. The property was originally purchased with Community Development Block Grant (CDBG) funds and used in the Rental Homes Program. The home was leased until 2006, at which time staff recommended demolition of the home due to its substandard condition. Proceeds on the sale of this lot will go back into the CDBG program.

Hartman referred to a handout showing a change to the language of the Development Agreement Deed as well as a new Consent and Agreement document. The buyers have contracted with Country Joe Homes which requires a warranty deed be held by the title company. This is in conflict with the HRA Development Agreement; however, staff consulted with the HRA attorney who generated the Consent and Agreement to protect the HRA interests. The Development Agreement gives the HRA approval of the plans before building permits are issue. Draft plans were included in the agenda.

Mr. and Mrs. Malczewski presented the preliminary plans for their home. Thorson opened public hearing. With no additional comments, the public hearing was closed.

M/Carlson, S/Lewis to approve the Contract for Private Development for 10040 Pleasant Avenue South with Corey and Kathryn Malczewski in the amount of \$104,000. Motion carried, 3-0.

5.4 Approval of Resolution Establishing Use Value for 10005 1st Avenue South

Hartman stated staff received an offer of \$80,000 from Tollberg Homes for the lot at 10005 1st Avenue South and is recommending that the use value be set at \$80,000.

M/Lewis, S/Carlson to approve the resolution establishing the use value for 10005 1st Avenue South at \$80,000. Motion carried, 3-0.

**5.5 Public Hearing -
Approval of Contract
for Private
Development and Sale
of 10005 1st Avenue
South**

Hartman stated staff received an offer from Tollberg Homes to purchase the lot at 10005 1st Avenue South for construction of a spec home. The original sale price was \$89,000 and the offer is for \$80,000. This parcel was acquired as part of the Blighted Properties program in 2006 for \$147,000. Costs including purchase, demo and property management now total \$160,000. The sale at \$80,000 would result in a loss of \$80,000 but the lot was purchased at the height of the housing market for a premium price.

Mr. Tollefson presented plans for the house. He has met with city staff to review the plans and specifications.

Thorson opened the public hearing. With no one in attendance to address the Board, the public hearing was closed.

M/Carlson, S/Lewis to approve the Contract for Private Development for 10005 1st Avenue South with Tollberg Homes, LLC in the amount of \$80,000. Motion carried, 3-0.

**5.6 Approval of Resolution
Authorizing
Submission of
Application to
Metropolitan Council
Livable Communities
Demonstration Account**

Grout stated he is preparing to submit a funding application to the Metropolitan Council for their Livable Communities Demonstration Account (LCDA) Program for the Knox and American apartment project. A pre-application was submitted to the Metropolitan Council and they responded by inviting the HRA to apply for a full grant. Authorization from the HRA Board is required prior to application.

The HRA, along with United Properties and StuartCo, purchased four parcels on the former Knoblauch property. The apartments will be located on the southern two parcels. Financing from external sources will be required for this project. The HRA and the developers also submitted an application to the Minnesota Housing Finance Agency (MHFA) deferred loan program.

Grant funds would be used for demolition of existing buildings and infrastructure of West 80th ½ Street from Morgan Circle to Knox Avenue including sidewalk, streetscape and storm water management. The City's Engineering Division proposes to install a box culvert system under the street for storm water retention.

The apartments will be mixed income units that offer an affordable component as well as market-rate for moderate income households.

Staff will also be submitting applications to the Hennepin County Transit-Oriented Development Program and the Affordable Housing Investment Fund. Two tax increment financing districts are proposed for the project.

M/Lewis, S/Carlson to approve the resolution identifying the need for Livable Communities Demonstration Account funding and authorizing the application for grant funds. Motion carried, 3-0.

5.7 Action Items

Neighborhood Enhancement

The loan programs administered by the HRA have been tremendously popular this year and have reached the capacity that staff can serve.

Discussions will be held to determine if additional funding from the City would be required.

Meetings and Agendas

The next HRA meeting will be on July 12. Planning staff will be in attendance to give an analysis of neighborhood commercial centers.

Knox & American

Artistry/Bloomington Center for the Arts has asked if the HRA would allow them to store theater sets in the vacant building at Knox and American. Staff will look into it this request.

Other

Coulter has applied for the open City Council seat and must resign from the HRA board until the Council vacancy is filled.

Blighted Property

Construction has begun on the Habitat for Humanity house on the 8300 block of Wentworth Avenue South.

6 Adjournment

M/Lewis, S/Carlson to adjourn the meeting. Motion carried, 3-0. The meeting adjourned at 6:32 p.m.